



October 3, 2019

Via Hand Delivery

The Honorable Toni Preckwinkle
President, Cook County Board of Commissioners
118 N. Clark St, Room 537
Chicago, IL 60602

The Honorable Bridget Gainer
Chair, Pension Committee of the Cook County
Board of Commissioners
118 N. Clark St, Room 567
Chicago, IL 60602

Mr. Ammar Rizki
Chief Financial Officer
Cook County Bureau of Finance
118 N. Clark St, Room 1127
Chicago, IL 60602

Re: Communications on Pension Reform Legislation

Dear President Preckwinkle, Commissioner Gainer and Mr. Rizki,

The Retirement Board of the County Employees' and Officers' Annuity and Benefit Fund of Cook County (the Cook County Fund) appreciates the efforts of the President and Cook County Board of Commissioners to negotiate Intergovernmental Agreements (IGA) between the Cook County Board and the Cook County Fund since 2016 with respect to additional funding. Unfortunately, the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County (the Forest Preserve Fund) does not have an IGA and continues to experience issues relating to additional funding.

The purpose of this letter is to confirm that the Retirement Board is willing to continue working with Cook County on pension reform legislation. The Retirement Board has a fiduciary duty to its participants and beneficiaries, and acknowledges that the President and the Board of Commissioners also have a responsibility to manage Cook County's finances wisely. As you know, the Retirement Board has prepared legislation to address the funding requirements of the Cook County Fund and the Forest Preserve Fund (collectively, the Fund). However, such legislation has not yet been introduced to the Legislature pending any meaningful effort to work with Cook County on a mutually agreed upon legislative proposal.

We have been provided draft legislation by Chief Financial Officer Ammar Rizki that provides for actuarial-based funding of the Fund, along with other matters. The following details the communications regarding such draft legislation proposed by Cook County:

- **March 7, 2019** – A summary of six strategic long-term goals, drafted by Mr. Ammar Rizki, was provided to the Trustees with respect to legislation being drafted by Cook County.
- **April 4, 2019** – Mr. Rizki appeared before the Retirement Board and discussed a PowerPoint presentation that he provided which included the six proposed legislative goals.
- **May 1, 2019** – Draft legislation was received from Mr. Rizki and distributed to the Retirement Board.
- **May 2, 2019** – The Retirement Board scheduled a special meeting on Friday, May 10, 2019, to discuss the draft legislation received.
- **May 10, 2019** – The Retirement Board convened a special meeting to discuss the draft legislation. A letter and table of concerns regarding the draft legislation was reviewed and approved. The letter was hand-delivered that day to the President of the Cook County Board, with copies to the Commissioners on the County Board and Mr. Rizki.
- **May 17, 2019** – A meeting was held at the office of Mr. Rizki to discuss the letter and table of concerns that were delivered to the President of the Cook County Board. Attending the meeting were Mr. Rizki and members of his staff and various representatives from the Cook County Pension Fund.
- **September 5, 2019** – The Retirement Board approved draft legislation which provides for actuarial-based funding of the Cook County Fund and the Forest Preserve Fund. A letter regarding the draft legislation was reviewed and approved. The letter, along with a copy of the draft legislation, was hand-delivered that day to the President of the Cook County Board, Commissioner Gainer, and Mr. Rizki, with copies to the Commissioners on the County Board.

Using the format of the initial document prepared by Mr. Rizki and distributed to the Retirement Board on March 7, 2019, attached to this letter is an overview of the Board's response to the six points articulated by Mr. Rizki. We believe this response clearly outlines the matters on which the Retirement Board would be willing to engage in further discussions with Cook County. Over the past few months, the Retirement Board has been responsive to the draft legislation presented by Mr. Rizki, providing the County with detailed written communication documenting the Retirement Board's administrative and fiduciary concerns. The Retirement Board has not received any written communication from the Cook County representatives on its concerns and whether Cook County is interested in learning more about those fiduciary and administrative concerns regarding the draft legislation. These require further discussion if the Fund is to avoid arriving at the vanishing point in about 2040 as shown in our attached projection of Funded Status Chart. Again, the Retirement Board wishes to reiterate that the Board believes there are opportunities for further discussion on some of the County's proposed revisions to

Articles 9 and 10 of the Pension Code and we await confirmation from the County as to whether it believes such further discussions would be beneficial to both parties.

Sincerely,

The Retirement Board
County Employees' and Officers' Annuity and Benefit Fund of Cook County
Ex officio for the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County

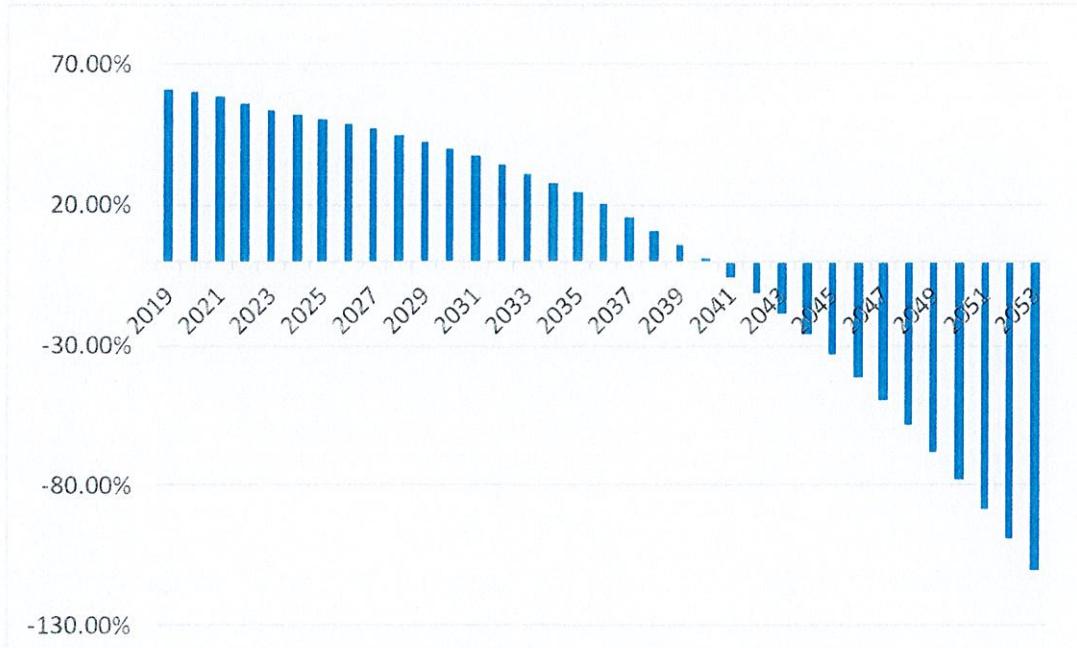
Cc: Cook County Board of Commissioners
Mr. Arnold Randall, Superintendent of the Forest Preserve District

Overview of Retirement Board's Position Regarding Cook County's Draft Legislation

Preliminary Response Regarding Legislation:

- 1. Actuarial funding:** Actuarial funding is the number one priority of the Retirement Board. The Retirement Board is willing to discuss any actuarial-based funding that seeks to improve the long-term funding status of the Fund. Attached is Exhibit 1 that documents the projections of the Cook County and the Forest Preserve Funds, given the current statutory funding requirements.
- 2. Forest Preserve District:** The Retirement Board is willing to discuss consolidation of the Forest Preserve Pension Fund with the Cook County Fund, assuming such consolidation is executed in a manner that protects the interests of all participants and beneficiaries and is legally and administratively feasible.
- 3. Shared governance:** The Retirement Board is not supportive of a Taft-Hartley composition. The Retirement Board believes the elective process as defined in the current Illinois statutes best represents and aligns the interests of the participants with the Retirement Board.
- 4. Retiree healthcare:** Healthcare for retirees has been a priority of the President of the Cook County Board and the Retirement Board. In order to ensure adequate funding, the Retirement Board is willing to discuss how best to fairly, efficiently and economically administer this valuable benefit for annuitants.
- 5. Permit bargained-for-exchange:** This matter is not within the jurisdictional scope of the Retirement Board as defined by the pension code and is a matter best determined between the employer and representatives of active participants. The Retirement Board is willing to discuss administrative matters relating to implementation of any agreements made.
- 6. Fix tier II:** This matter requires consideration of many stakeholders and is relevant to many retirement systems in the State of Illinois.

COOK COUNTY FUND
PROJECTION OF FUNDED STATUS



FOREST PRESERVE DISTRICT FUND
PROJECTION OF FUNDED STATUS

